

Division of Aging

Medicaid Home and Community-Based Services Rate Methodology Project

Indiana Family and Social Services Administration
Office of Medicaid Policy and Planning
March 22, 2019



Introductions

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Agenda

- Background
- Project Scope and Goals
- Project Approach
- Approach to Stakeholder Engagement
- Questions and Answers (in-person, via chat box and via telephone)



Background



Medicaid HCBS Program Purpose

Medicaid Home and Community-Based Services (HCBS) Programs

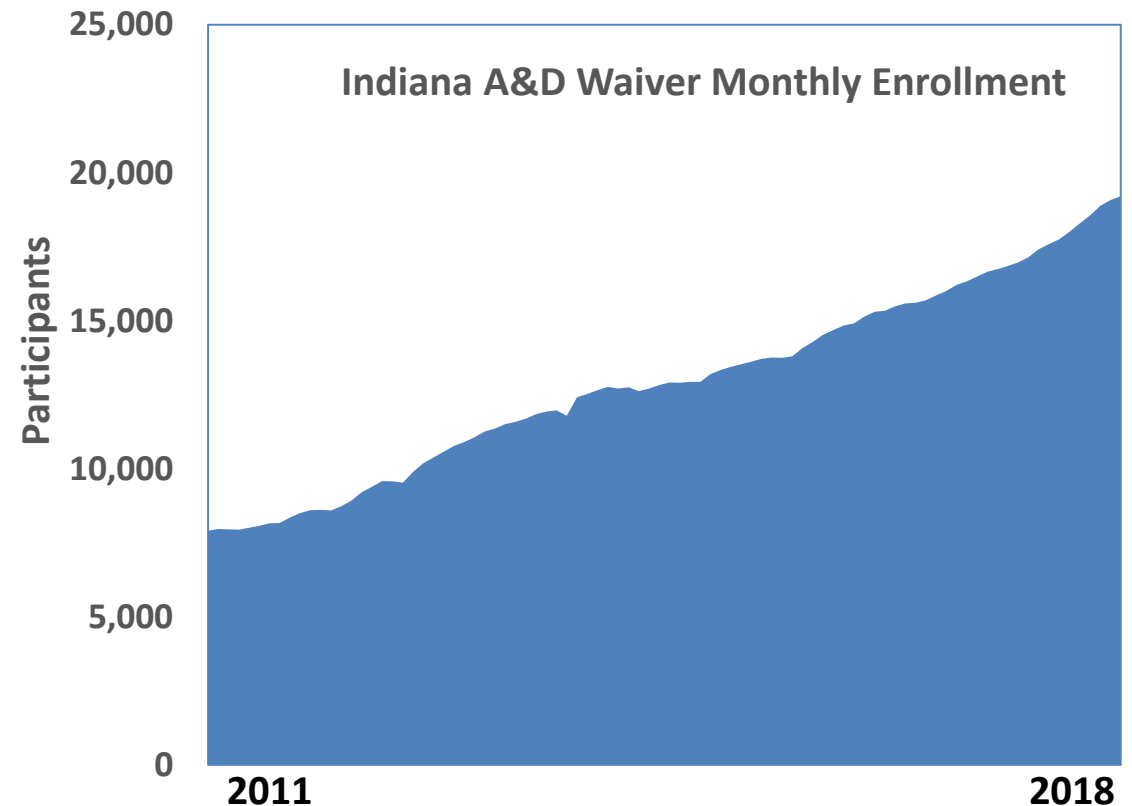
- Medicaid HCBS programs provide alternatives to institutional settings for older adults, people who have a physical, intellectual or developmental disability, and individuals who suffer from serious emotional disturbance, mental illness or substance use disorder
- Help people remain in or return to their own homes and other community settings such as apartments, assisted living or adult family care settings
- Are intended to assist individuals to be as independent as possible and live in the least restrictive environment possible while help maintaining safety in the home
- Require individuals to meet Medicaid guidelines and HCBS program-specific eligibility guidelines

Division of Aging rate projects include the Aged and Disabled Waiver (A&D) and the Traumatic Brain Injury Waiver (TBI), which support independence and community integration for the elderly or individuals with physical disabilities



Medicaid HCBS Program History

- The first HCBS programs were implemented over 30 years ago
- States have adopted over time according to their unique needs and interests
- Programs represent partnerships between state Medicaid agencies and variety of health and social services agencies
- There is significant state variation in covered services and assessment tools
- Indiana A&D waiver enrollment has doubled since 2013



Source: Indiana Medicaid member enrollment data



Medicaid HCBS Rate Development - National

- HCBS rate methodologies and payment rates vary by state, as do service definitions and requirements
- There is no national HCBS payment methodology to use as a model
- Documentation of initial rate methodologies may be very limited
- Rate methodology is subject to approval by the state legislatures and budget agencies
- Rates may also be constrained by federally-required cost neutrality
- Sustainability requires periodic rate updates

“Cost neutrality” is a federal requirement that HCBS waiver program costs do not exceed the estimated cost to serve the same population in an institutional setting.



Medicaid HCBS Rate Development - Indiana

- As in most states, Indiana’s rate methodologies were developed many years ago, as far back as the early 1990’s for some services
- There is limited available documentation regarding the initial rate methodology
- Subsequent rate updates have generally been ad hoc
- Rates and methodologies are not always consistent across waiver programs and services
- Examples:

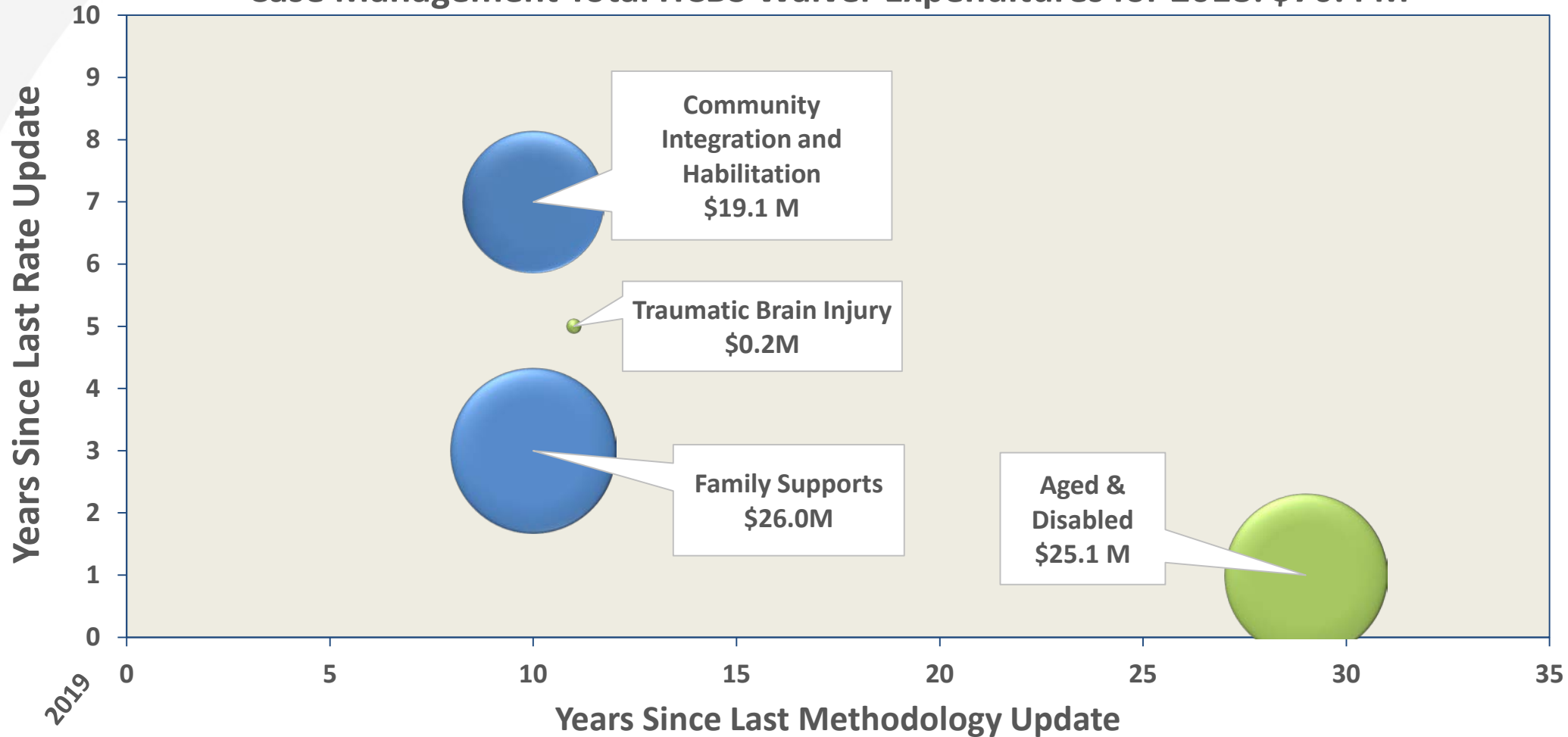
	A&D Adult Day Service		
	Level 1	Level 2	Level 3
Current Rate (15-minute)	\$3.06	\$3.06	\$3.06

	Case Management	
	A&D Waiver	TBI Waiver
Current Rate (Monthly)	\$150.00	\$100.00



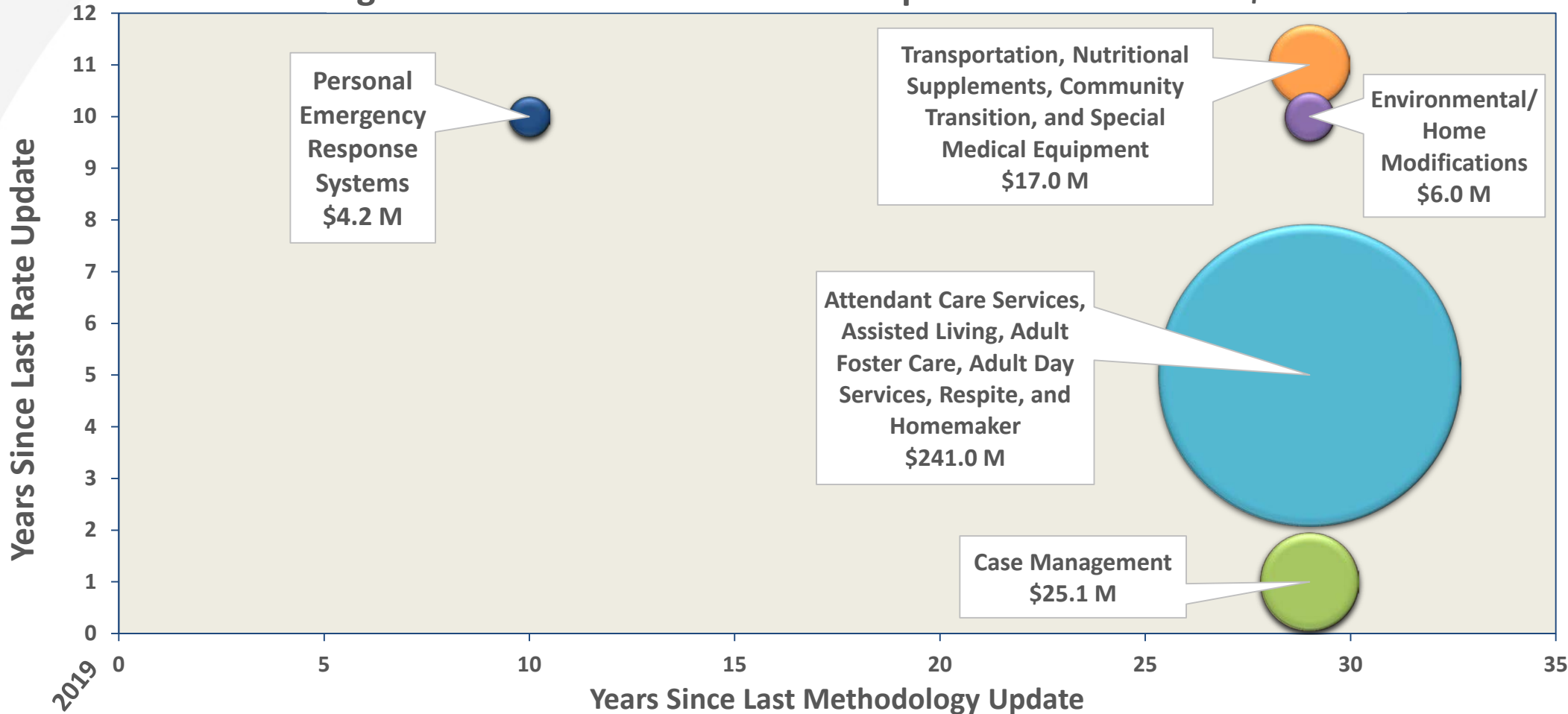
Indiana Rate Development and Rate Changes

Case Management Total HCBS Waiver Expenditures for 2018: \$70.4 M



Indiana Rate Development and Rate Changes (Cont'd)

Aged and Disabled Waiver Total Expenditures for 2018: \$293.3 M



Project Scope and Goals



HCBS Programs Included in the Rate Methodology Projects

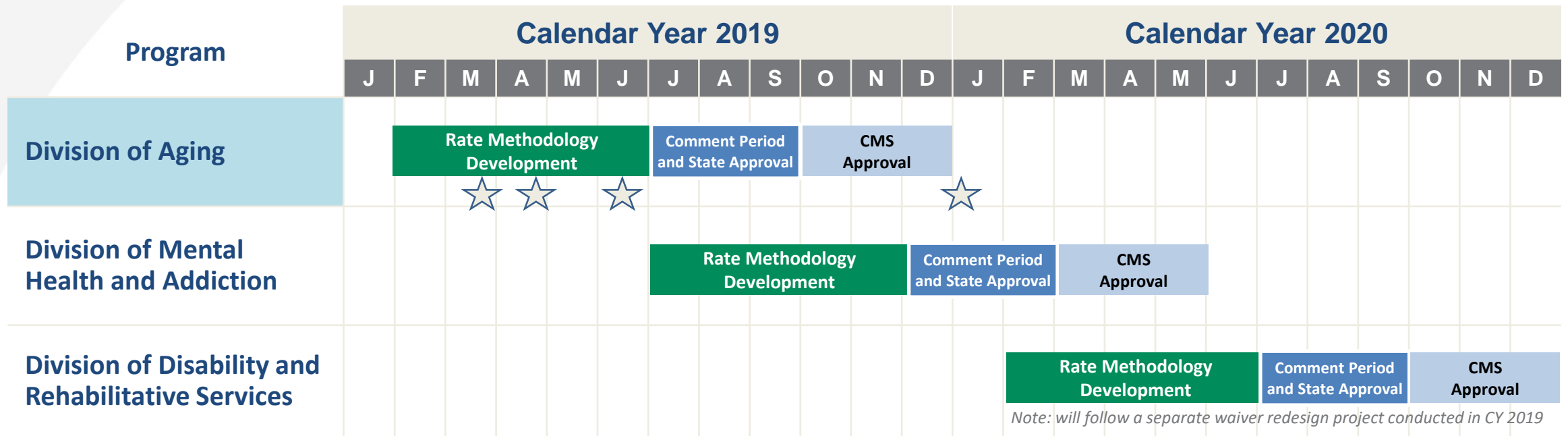
Division	HCBS Program	Number of Participants	2018 Annual HCBS Expenditures
Division of Aging	Aged & Disabled Waiver	18,826	\$293.3M
	Traumatic Brain Injury Waiver	172	\$4.7M
Division of Mental Health and Addiction	Adult Mental Health Habilitation	25	\$0.7M
	Behavioral and Primary Healthcare Coordination	3,004	\$0.8M
	Child Mental Health Wraparound	789	\$9.5M
Division of Disabilities and Rehabilitative Services	Community Integration and Habilitation Waiver	9,225	\$692.8M
	Family Supports Waiver	18,353	\$158.5M
Total	HCBS Programs	50,394	\$1.16B

The Office of Medicaid Policy and Planning (OMPP) collaborates with the divisions and is responsible for overseeing the policy, administration, and operations of all Medicaid programs and for communicating with Centers for Medicare and Medicaid Services (CMS).



Source: Medicaid Forecast update using data through September 2018.

HCBS Rate Methodology Preliminary Project Timelines*



☆ - Division of Aging Stakeholder Meeting

Projects include rate setting calculations informed by the rate methodology development process

* Final rate methodologies subject to approval from the State Budget Agency and presentation to the State Budget Committee. Preliminary project timelines may be impacted by the CMS and State approval process.



HCBS Program CMS Guidelines

- HCBS methodologies and rates must:
 - Be reviewed (and updated if appropriate) every 5 years
 - Safeguard against unnecessary utilization
 - Be consistent with efficiency, economy, and quality of care
 - Be sufficient to enlist enough providers*
- States must:
 - Describe policy and methods used in setting payment rates for each type of service
 - Allow for public input process and ongoing notifications

* “Enough providers” such that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area. For detailed requirements, refer to the Social Security Act Section 1902(a)(30)(A), CFR Section 447.



FSSA Division of Aging Project Goals

- **Alignment and Transparency** - bring continuity and alignment across the rate methodologies and rates in each program, providing a consistent framework
- **Sustainability** - facilitate adequate participant access to services, as required by CMS and be sustainable under the FSSA budget and operations
- **Promotion of Person-Centeredness and Value-Based Purchasing** - striving to align provider and participant incentives to achieve access to person-centered services, encourage appropriate utilization, and drive healthy outcomes for all HCBS program participants



Project Approach



HCBS Rate Methodology Projects Approach

Rate Methodology Development Process

- FSSA has engaged Milliman to conduct HCBS rate methodology projects that are expected to culminate in the submission of waiver amendments and possible state plan amendments to CMS for federal approval
- Rate methodology projects will involve the following phases:

- 1. Project and stakeholder engagement planning**
- 2. Rate methodology development to achieve FSSA goals and objectives**
- 3. Rate setting and calculations informed by selected rate methodologies**
- 4. Waiver/state plan amendments and CMS approval process**

Process will include stakeholder engagement throughout



Rate Methodology and Rate Setting Tasks

Develop Rate Methodologies

- Conduct Research
- Evaluate Rate Methodologies
- Identify and Evaluate Data Sources
- Draft and Finalize Methodologies

Conduct Rate Setting

- Collect Data Inputs
- Develop Preliminary Rate Calculations
- Conduct Payment Simulation Modeling
- Finalize Rate Calculations and Develop Final Report

Value-Based Purchasing (VBP) methods will be considered for future implementation.
“VBP” is defined as linking payments to improved performance by providers.



Rate Methodology Approach

Commonly used approaches for Medicaid HCBS rate methodologies:

<p>Fee schedule</p> <ul style="list-style-type: none"> • Estimate labor, benefits, administration, program support • Simple and transparent 	<p>Current TBI Supported Employment Rate: \$9.17 per 15 minutes</p>
<p>Tiered rates</p> <ul style="list-style-type: none"> • Reflect variation in provider requirements or participant needs • May be more equitable to pay more for higher intensity needs 	<p>Current A&D Assisted Living Rates: Level 1 - \$71.27, Level 2 - \$78.54, and Level 3 - \$86.68 per day</p>
<p>Bundled rates</p> <ul style="list-style-type: none"> • Package of different services • May be more convenient or better align incentives 	<p>Current A&D Case Management Rate: \$150.00 per month</p>
<p>Negotiated rates</p> <ul style="list-style-type: none"> • For services that are individualized or hard to define 	<p>Current A&D and TBI Vehicle Modifications Rates</p>



HCBS Covered Services and Current Payment Methodologies: A&D and TBI Waivers

Waivers	Fee Schedule Rate	Tiered and Bundled Rate	Negotiated Rate
A&D and TBI	<ul style="list-style-type: none"> • Emergency Response • Home Delivered Meals • Homemaker • Transportation 	<ul style="list-style-type: none"> • Adult Day Service • Adult Family Care • Assisted Living • Attendant Care • Case Management (bundled only) • Respite (tiered only) 	<ul style="list-style-type: none"> • Community Transition • Home Modifications • Nutritional Supplements • Pest Control • Specialized Medical Equipment • Vehicle Modifications
A&D Only	<ul style="list-style-type: none"> • Healthcare Coordination (single level) • Home Modifications (Assessment) 	<ul style="list-style-type: none"> • Structured Family Caregiving 	
TBI Only	<ul style="list-style-type: none"> • Residential Habilitation • Supported Employment 	<ul style="list-style-type: none"> • Healthcare Coordination (by level) • Structured Day Program • Behavioral Health Counsel (tiered only) 	

Preliminary Example Fee Schedule Calculation

Example Rate Component for Hourly Unit	Example Value	Example Rate Component
Direct care worker average wage per hour	\$10.00	
Staffing ratio	1 to 3	
Average hourly direct wage per client	\$3.33	\$3.33
Productivity and paid time off (PTO) adjustment	20%	\$0.67
Supervision adjustment (cumulative)	18%	\$0.72
Benefits adjustment (cumulative)	30%	\$1.42
Operational/program support adjustment (cumulative)	15%	\$0.92
Example total rate (based on hourly cost per client)	\$7.06	\$7.06
Current hourly rate	\$7.50	\$7.50

**Preliminary example for demonstration purposes only.
Does not represent actual services, methodologies or rate factors.**



Public Data Sources Options

- Potential public data sources under consideration:
 - Bureau of Labor Statistics (BLS): average wages, benefit costs, PTO, inflation
 - Internal Revenue Service (IRS): Federal tax rates
 - Indiana Department of Workforce Development (DWD) “Hoosiers by the Numbers”: average wages, unemployment tax rates
 - Workers Compensation Board of Indiana: Workers’ compensation
 - Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel (MEP) Survey: Health insurance premiums
 - CMS Market Basket: Inflation
 - Others sources as appropriate

**FSSA is open to suggestions regarding other data sources.
Please submit recommendations via email along with rationale for using this data source.**



Provider Survey

- Key rate inputs and assumptions would be greatly informed by provider feedback
 - FSSA is considering a simplified survey to collect data from providers
 - Will be used both for select rate inputs and to corroborate findings from publicly available data sources
- Survey questions will relate to provider staffing levels, costs by broad cost categories, and solicitation of general provider feedback
- FSSA seeks to limit administrative burden on providers
 - FSSA will streamline the number of survey questions and level of detail
 - FSSA does not plan to administer a survey annually
 - Participation is encouraged but not mandatory
- Survey will be conducted in the April – May 2019 timeframe
 - Training may be offered via Webinar to assist providers in responding



Approach to Stakeholder Engagement



Stakeholder Process

- Balanced input from the full range of stakeholders is critical to this process
- FSSA wants to hear from a variety of stakeholders, including providers and associations, participants, families, caregivers and advocacy groups, and other key State and federal government stakeholders
- Stakeholder engagement will include multiple modes of communication, such as:
 - In-person meetings
 - Webinars
 - Surveys
 - Bulletins and FAQs
 - Rate methodology projects website and email address
- In addition, per federal requirements, prior to any rate method or rate changes there will be an official 30-day public comment period, followed by 30 days for FSSA to review and respond to public comment. CMS then has a 90 day approval process (which may be extended).



Benefits to Stakeholders

- All stakeholders
 - New rate methodologies will reflect input from all types of stakeholders including providers, advocates, participants and their families, and others
 - Rate methodologies will be developed using a transparent process, so all stakeholders can understand how the rates are calculated
- Participants and their families
 - May see more providers beginning to serve in multiple waivers
 - Support access to services and promote staff retention
- Provider stakeholders
 - Payment methods will be more consistent across programs, making it easier for a provider to participate in more programs
 - Rates will be based on a sound methodology that providers can understand
 - New methodologies will seek opportunities to reduce administrative burden on providers during the data collection process



Sample Stakeholder Input Received to Date

Aligning A&D and
TBI rates

Encouraging Direct
Support
Professional
retention

Evaluating tiered
rate assessment
tool

Addressing bed
hold challenges for
Assisted Living
providers

Evaluating other
approaches to
home delivery of
meals

Facilitation of
participant
directed care

Ways to address
respite care for
medically fragile
children

Establishing
predictable
schedule of rate
updates

Sample Stakeholder Input Received to Date *(cont.)*

Increasing access to Adult Day or Child Day services in rural areas

Incentivizing more provider participation in home modification assessments

Incentivizing more access to Health Care Coordination services

Evaluating wages for Direct Support Professionals

Consideration of geographic variation

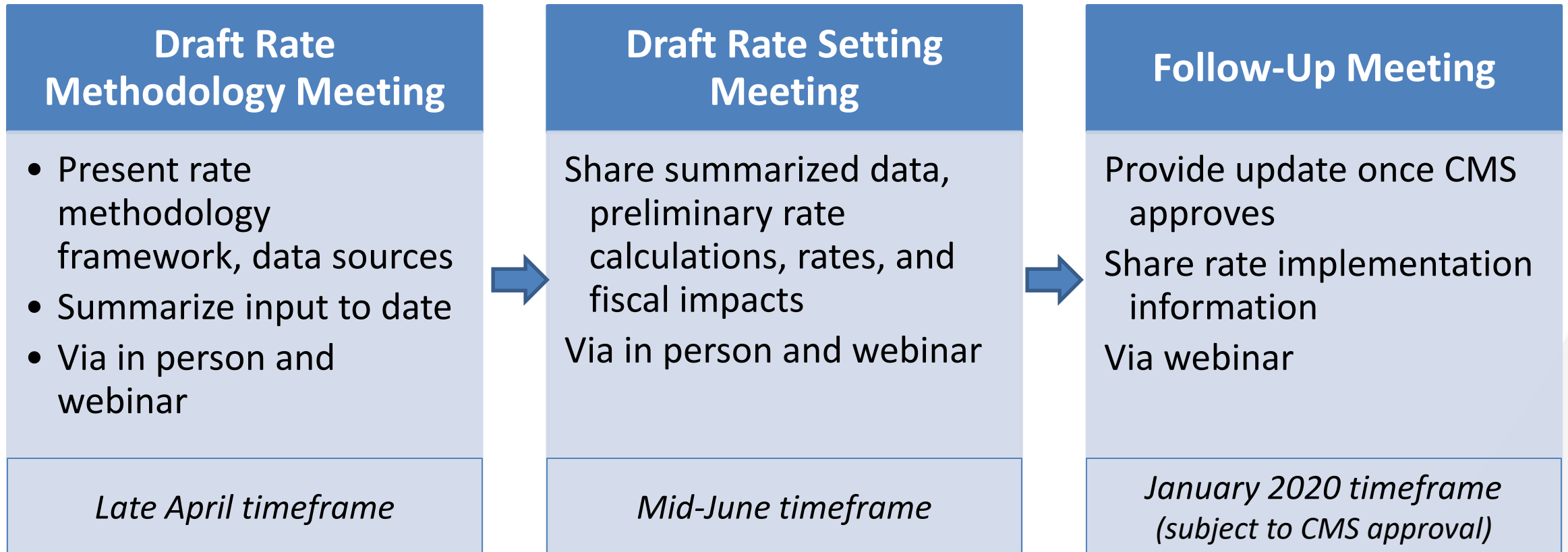
Incentivizing more participation in Structured Family Caregiving services

Evaluating ways to incentivize more timely completion of client assessments

Consideration of range of approaches to improve outcomes, including VBP



Overview of Future Stakeholder Meetings



FSSA may also conduct informational provider survey webinar.
Meeting dates and times will be posted on the Project Website.



Stakeholder Input

- Stakeholder meetings allow limited time for gathering input, as such we will rely heavily upon written comments
- Will consider feedback FSSA has received to date, such as:
 - RFI responses
 - Proposed changes submitted by providers
 - Input received via email and written correspondence
- Have set up a dedicated email inbox to receive stakeholder comments throughout this rate project
 - HCBS.ratemethodology@fssa.in.gov
- Stakeholders can also mail feedback to the following address:

Attn: HCBS Rate Methodologies
Indiana FSSA Division of Aging
402 W. Washington St.
P.O. Box 7083, MS21 Room W-454
Indianapolis, IN 46204



Questions?

Submit them via email to:

HCBS.ratemethodology@fssa.in.gov

Please see the HCBS rate methodology project website for additional information about this process and opportunities for stakeholders to get involved:

<https://www.in.gov/fssa/ompp/5611.htm>

Responses to questions provided during today's meeting are preliminary.

Final responses will be posted and maintained in writing in a Frequently Answered Questions (FAQ) document on the project website

